



VAIL WATER COMPANY  
1010 N Finance Center Dr., Suite 200, Tucson, AZ 85710



2015 JAN 29 A 11: 22

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

January 29, 2015

Arizona Corporation Commission  
Utilities Division Director  
1200 West Washington  
Phoenix, AZ 85007-2996

Arizona Corporation Commission  
**DOCKETED**

JAN 29 2015

DOCKETED BY

RE: Docket W-01651B-12-0339 Decision No. 73995  
Calendar 2014

Dear Sir or Madam:

Attached is the **amended** CAP Surcharge Mechanism (surcharge) for the year 2014 and the submittal of 2015 surcharge as required by the above referenced Decision, Section C, paragraph 53.

The 2014 amended CAP Surcharge Mechanism reflects **no** water being wheeled in 2014 (line 6). The amount Vail Water is requesting is **\$0/1000 gallons for 2014** and **\$2.08/1000 gallons for 2015**. It also reflects the gallons sold and pumped in prior years (lines 27, 28, 29) for the entire year of 2013 not just November and December.

As Page 11 of the subject decision requires Vail Water to file a request to the Commission for approval for the initial surcharge.

If you have any questions please do not hesitate to contact me at (520) 571-1958, extension 7105, via fax at (520) 571-1961 or email at [kvolpe@estesco.net](mailto:kvolpe@estesco.net).

Sincerely,

Christopher T. Volpe  
Vice President

Attachments

ORIGINAL

**AMENDED**

<b>Component 1 - Variance from Combined CAP M&amp;I Capital and CAP Delivery Charges included in Base Rates</b>	
[1] CAP Allocation (a.f.)	1,857
[2] CAP M&I Capital and Delivery Charges (per a.f.) using base year (test year CAP rate)	\$ 105.87
[3] CAP M&I Capital and Delivery Charges (per a.f.) using next year's firm rate	\$ 166.00
[4] CAP Rate Increase (decrease) [3]-[2]	60.13
[5] Total CAP M&I Capital and Delivery Charges Increase(decrease) [4]x[1]	\$ 111,661
<b>Component 2 - Tucson Water Wheeling Fees</b>	
[6] CAP Water Delivered to Vail Service Territory (a.f.)	-
[7] Wheeling fee (per a.f.)	\$ 606.33
[8] Total Wheeling Fees	\$ -
<b>Component 3 - Periodic Unrecovered Recharge Credits</b>	
[9] CAP Water Recharged (a.f.) [1]-[6]	1,857
[10] CAP Rate Increase (per a.f.) = [4]	60.13
[11] Total Recharge Credits for Future Use [9]x[10]	\$ (111,661)
<b>Component 4 - Prior Year Under/(Over) Recovery (Not applicable in Year 1)</b>	
[12] Total amount to be recovered via surcharge =[38] from prior year calc	\$ -
[13] Gallons sold in previous 12 months (in 1,000s) (provide support)	-
[14] Prior year surcharge rate (per 1,000 gallons) = [40] from prior year	\$ -
[15] Amounts recovered via surcharge [13]x[14]	\$ -
[16] Prior Year Under (Over) recovery [12]-[15]	\$ -
<b>Component 5 - Long-Term Storage Credit Recovery</b>	
[17] Long-term Storage Credits Used (a.f.) (provide support)	\$ -
[18] Average Cost (provide support)	-
[19] Total Cost [17]x[18]	\$ -
<b>Component 6 - Gain on Sale of Long-Term Storage Credits</b>	
[20] Long-term Storage Credits Sold (a.f.) (provide support)	283.34
[21] Average Cost per a.f. (provide support)	150.55
[22] Total Cost of Long-term Storage Credits Sold [20]x[21]	\$ 42,656.84
[23] Total Sales of Long-term Storage Credits	\$ 42,656.84
[24] Gain on Sale of Storage Credits [23]-[22]	\$ -
[25] Shared with Ratepayers (%)	50.00%
[26] Credit for Rate Payer's Share of Gain [24]x[25]x(-1)	\$ -
<b>Component 7 - Excess Water Loss Disallowance</b>	
[27] Gallons Sold in Prior Year (in 1,000's) (provide support)	361,869
[28] Accounted for Water Not Sold (in 1,000 s) (provide support)	6,040
[29] Total Gallons Sold and Accounted For (in 1,000's) [27] + [28]	367,909
[30] Total Gallons Allowed (in 1,000s) [29]/0.90	408,788
[31] Gallons Pumped in Prior Year (in 1,000's) (provide support)	390,119
[32] Water Loss (in 1,000's) [31] - [30]	(18,669)
[33] Percent Water Loss [32]/[31]x100	-4.79%
[34] Allowed Water Loss Percentage	10.00%
[35] Percent Reduction in Total Costs Recovered [34]-[33] (if positive then 0%)	0.00%
[36] Total Base Costs [5]+[8]+[11]-[16]+[19]+[26]	\$ -
[37] Water Loss Credit [35]x[36]	\$ -
<b>Computation of Commodity Surcharge</b>	
[38] Total Net Costs to be Recovered [36]+[37]	\$ -
[39] Gallons sold in prior year (in 1,000's)	361,869
[40] Cost per 1,000 gallons [38]/[39]	\$ -

**VAIL WATER COMPANY**  
**WELL CONSUMPTION (water pumped) 2013**

Consumption	TOTAL PUMPED	Main Flushing	TOTAL TOTAL SOLD	Pumped Not Sold	Unacctd Water W/O Flushing
Jan-13	28,484,000	805,000	25,242,063	11.38%	8.56%
Feb-13	28,287,000	561,000	25,512,822	9.81%	7.82%
Mar-13	24,656,000	-	22,741,506	7.76%	7.76%
Apr-13	33,451,000	2,613,700	31,153,135	6.87%	-0.94%
May-13	35,517,000	75,737	33,262,105	6.35%	6.14%
Jun-13	38,444,000	10,250	36,604,135	4.79%	4.76%
Jul-13	39,928,000	238,000	37,421,434	6.28%	5.68%
Aug-13	36,328,000	825,000	34,435,579	5.21%	2.94%
Sep-13	34,101,000	378,000	30,780,913	9.74%	8.63%
Oct-13	31,351,000	99,000	29,228,191	6.77%	6.46%
Nov-13	32,932,000	347,500	30,893,929	6.19%	5.13%
Dec-13	26,640,000	87,000	24,592,859	7.68%	7.36%
	390,119,000	6,040,187	361,868,671	7.4%	
	1,197.23	18.54	1,110.53	avg	
	acre feet	acre feet	acre feet		

Component 1 - Variance from Combined CAP M&I Capital and CAP Delivery Charges included in Base Rates

[1] CAP Allocation (a.f.)	1,857	
[2] CAP M&I Capital and Delivery Charges (per a.f.) using base year (test year CAP rate)	\$ 105.87	
[3] CAP M&I Capital and Delivery Charges (per a.f.) using next year's firm rate	\$ 179.00	M & I recharge rate for 2015 attached
[4] CAP Rate Increase (decrease) [3]-[2]	73.13	
[5] Total CAP M&I Capital and Delivery Charges Increase(decrease) [4]x[5]	\$ 135,802	

Component 2 - Tucson Water Wheeling Fees

[6] CAP Water Delivered to Vail Service Territory (a.f.)	1,100	Tucson Water fee 2015
[7] Wheeling fee (per a.f.)	\$ 606.33	
[8] Total Wheeling Fees	\$ 666,963	

Component 3 - Periodic Unrecovered Recharge Credits

[9] CAP Water Recharged (a.f.) [1]-[6]	757	
[10] CAP Rate Increase (per a.f.) = [4]	73.13	
[11] Total Recharge Credits for Future Use [9]x[10]	\$ (55,359)	

Component 4 - Prior Year Under/(Over) Recovery

[12] Total amount to be recovered via surcharge = [38] from prior year calc	\$ -	
[13] Gallons sold in previous 12 months (in 1,000's) (provide support)	\$ -	
[14] Prior year surcharge rate (per 1,000 gallons) = [40] from prior year	\$ -	
[15] Amounts recovered via surcharge [13]x[14]	\$ -	
[16] Prior Year Under (Over) recovery [12]-[15]	\$ -	

Component 5 - Long-Term Storage Credit Recovery

[17] Long-term Storage Credits Used (a.f.) (provide support)	\$ -	
[18] Average Cost (provide support)	\$ 157.13	
[19] Total Cost [17]x[18]	\$ -	

Component 6 - Gain on Sale of Long-Term Storage Credits

[20] Long-term Storage Credits Sold (a.f.) (provide support)	240.58	
[21] Average Cost per a.f. (provide support)	\$ 157.13	(18)
[22] Total Cost of Long-term Storage Credits Sold [20]x[21]	\$ 37,802	
[23] Total Sales of Long-term Storage Credits	\$ 37,802	
[24] Gain on Sale of Storage Credits [23]-[22]	\$ -	
[25] Shared with Ratepayers (%)	50.00%	
[26] Credit for Rate Payer's Share of Gain [24]x[25]x(-1)	\$ -	

Component 7 - Excess Water Loss Disallowance

[27] Gallons sold in previous 12 months (in 1,000's) (provide support)	359,895	attached
[28] Accounted for Water Not Sold (in 1,000's) (provide support)	1,116	
[29] Total Gallons Sold and Accounted For (in 1,000's) [27] + [28]	361,011	
[30] Total Gallons Allowed (in 1,000's) [29]/0.90	401,123	
[31] Gallons Pumped in Prior Year (in 1,000's) (provide support)	395,049	
[32] Water Loss (in 1,000's) [31] - [30]	(6,074)	
[33] Percent Water Loss [32]/[31]x100	-1.54%	attached
[34] Allowed Water Loss Percentage	10.00%	
[35] Percent Reduction in Total Costs Recovered [34]-[33] (if positive then 0%)	0.00%	
[36] Total Base Costs [5]+[8]+[11]+[16]+[19]+[26]	\$ 747,406	
[37] Water Loss Credit [35]x[36]	\$ -	

Computation of Commodity Surcharge

[38] Total Net Costs to be Recovered [36]+[37]	\$ 747,406	
[39] Gallons sold in previous 12 months (in 1,000's)	359,895	(27)
[40] Cost per 1,000 gallons [38]/[39]	\$ 2.08	



**CENTRAL ARIZONA PROJECT  
FINAL 2015-2016 RATE SCHEDULE**

Approved  
June 5, 2014

**DELIVERY RATES FOR VARIOUS CLASSES OF WATER SERVICE**

Units = \$/ acre-foot

(The Letter Designations in the Formulas Refer to the Rate Components Shown Below)

	<u>2014</u>	<u>Firm 2015</u>	<u>Provi- sional 2016</u>	<u>Advisory</u>			
				<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b><u>Municipal and Industrial</u></b>							
Long Term Subcontract (B+C) <sup>1</sup>	\$ 146	\$ 157	\$ 161	\$ 166	\$ 171	\$ 174	\$ 196
Non-Subcontract (A+B+C) <sup>2</sup>	166	179	184	190	196	199	221
Recharge (A+B+C) <sup>3</sup>	166	179	184	190	196	199	221
AWBA Interstate Recharge (A+B+C+D) <sup>4</sup>	189	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
<b><u>Federal</u> (B+C) <sup>5</sup></b>							
	\$ 146	\$ 157	\$ 161	\$ 166	\$ 171	\$ 174	\$ 196
<b><u>Agricultural</u></b>							
Settlement Pool (C) <sup>6</sup>	\$ 67	\$ 75	\$ 76	\$ 79	\$ 81	\$ 82	\$ 99
<b><u>Agricultural Incentives</u> <sup>6</sup></b>							
Meet Settlement Pool Goals	(14)	(18)	(15)	(14)	(12)	(9)	(22)
Meet AWBA/CAGR D GSF Goals	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Meet Recovery Goals	(2)	(2)	(2)	(2)	(2)	(2)	(2)

**RATE COMPONENTS**

Units = \$/acre-foot

	<u>2014</u>	<u>Firm 2015</u>	<u>Provi- sional 2016</u>	<u>Advisory</u>			
				<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b><u>Capital Charges</u></b>							
(A) Municipal and Industrial - Long Term Subcontract <sup>7</sup>	\$ 20	\$ 22	\$ 23	\$ 24	\$ 25	\$ 25	\$ 25
<b><u>Delivery Charges</u></b>							
(B) Fixed OM&R <sup>8</sup>	\$ 79	\$ 82	\$ 85	\$ 87	\$ 90	\$ 92	\$ 97
(C) Pumping Energy Rate <sup>9</sup>	67	75	76	79	81	82	99
(D) Property Tax Equivalency <sup>10</sup>	23	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.

**DIRECT UNDERGROUND WATER STORAGE**

Units = \$/acre-foot

	<u>2014</u>	<u>Firm 2015</u>	<u>Provi- sional 2016</u>	<u>Advisory</u>			
				<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b><u>Underground Water Storage O&amp;M</u> <sup>11</sup></b>							
Phoenix AMA	\$ 8	\$ 9	\$ 10	\$ 12	\$ 13	\$ 14	\$ 15
Tucson AMA	15	15	15	15	15	15	15
<b><u>Underground Water Storage Capital Charge</u> <sup>12</sup></b>							
Phoenix AMA	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Tucson AMA	9	9	9	9	9	9	9

Vail Water Company

14155 E Via Rancho del Lago

P.O. Box 100

Vail, AZ 85641

# Invoice

DATE	INVOICE #
12/31/2014	227

<b>BILL TO</b>
Del Lago Golf 14155 E Via Rancho del Lago Vail, AZ 85641

<b>MAIL PAYMENT TO</b>
Vail Water Company 1010 N Finance Center Dr, Ste 200 Tucson, AZ 85710

TERMS
Monthly

ITEM	DESCRIPTION	RATE	QTY	AMOUNT
Recharge Water	Purchase 240.58 af of CAP recharge water	157.13	240.58	37,802.34
			<b>Total</b>	\$37,802.34

ARIZONA DEPARTMENT OF WATER RESOURCES  
Water Management Division  
3550 North Central Ave, Phoenix, Arizona 85012  
Telephone (602) 771-8599  
Fax (602) 771-8689

LONG-TERM STORAGE CREDIT  
TRANSFER FORM A.R.S. § 45-854.01

For Official Use Only

DATE RECEIVED: \_\_\_\_\_

The fee for a Long-Term Storage Credit Transfer is \$250.00 per water storage transfer. Only one transaction may be requested per form. Payment may be made by cash, check, or credit card. Checks should be made payable to the Arizona Department of Water Resources. Failure to enclose the fee will cause the form to be returned. Fees for a Long-Term Credit Transfer are authorized by A.A.C. R12-15-104.

[FOR SELLER]

Vail Water Company  
Name of Seller

Rip Volpe, 520-571-1958 x7105  
Contact Person/Telephone Number

1010 N. Finance Center Dr #200  
Mailing Address

TULSA, AZ 85710  
City/State/Zip

70-411210.00  
Long-Term Storage Account No.

72-558092  
Facility Permit Number (where source water was stored)

73-558092.0700  
Water Storage Permit Number (authority to store source water)

Number of long-term storage credits (in acre-feet) transferred by type(s) of water and year credits were earned.

Type: CAP acre-feet 240.58 year earned 2014

Type: \_\_\_\_\_ acre-feet \_\_\_\_\_ year earned \_\_\_\_\_

[FOR BUYER]

Del Lago Golf, LLC  
Name of Buyer

Robert Neill  
Contact Person/Telephone Number

14155 E Via Rancho Del Lago Blvd.  
Mailing Address

Vail, AZ 85641  
City/State/Zip

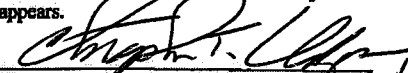
70-411310.0000  
Long-Term Storage Account No. (if any)

If the transfer includes long-term storage credits earned from the storage of Central Arizona Project (CAP) water in an Active Management Area (AMA), please state:

1. The date of Buyer's formation (if Buyer is a legal entity): \_\_\_\_\_
2. The amount of groundwater withdrawn by Buyer in the AMA during the calendar year that the credits were earned:  
\_\_\_\_\_  
a. The groundwater right number(s) the Buyer withdrew the groundwater pursuant to:  
\_\_\_\_\_

Pursuant to A.R.S. § 45-854.01(C), the director of the Arizona Department of Water Resources may reject and invalidate any assignment of long-term storage credits in which the stored water would not have met the requirements for long-term storage credits as prescribed by A.R.S. § 45-852.01 if the assignee had stored the water.

The undersigned hereby certify, under penalty of perjury, that the information contained in this report is, to the best of their knowledge and belief, correct and complete and that they are authorized to sign on behalf of the party for whom their signature appears.

		By: MDC Arizona Corp, an Illinois corporation, its manager	
Authorized Signature for Seller	DATE	Authorized Signature for Buyer	DATE
Christopher T. Volpe	1/24/15	Sheldon J. Mandel	1-23-15
Vice-President		President	
Title		Title	



AGREEMENT FOR TRANSFER  
OF LONG-TERM STORAGE CREDITS

THIS AGREEMENT is made and entered into effective the 31<sup>st</sup> day of December, 2014, by and between DEL LAGO GOLF LLC, an Arizona limited liability company (hereinafter "Del Lago") and VAIL WATER COMPANY, an Arizona corporation, (hereinafter "Owner").

WITNESSETH:

1. Transfer of Long Term Storage Credits: In consideration for the transfer to Del Lago of 240.58 acre feet of Owner's long term CAP water storage credits, Del Lago agrees to pay Owner the sum of Thirty-Seven Thousand Eight Hundred and Two Dollars and Thirty-Four Cents (\$37,802.34) (\$157.13 per acre foot), which sum shall be payable in eleven monthly installments of no less than Three Thousand One Hundred Fifty Dollars and Twenty Cents (\$3150.20), commencing on the 1<sup>st</sup> day of January 2015 and on the first day of each month thereafter and one payment of no less than Three Thousand One Hundred Fifty Dollars and Twenty Fourteen (\$3150.14). Upon execution of this Agreement by both parties, Owner will file the Long-Term Storage Credit Transfer Form attached hereto as Exhibit "A" and by this reference incorporated herein with the Arizona Department of Water Resources.

2. Reconveyance of Long Term Storage Credits: In the event all of the assets or stock of Del Lago is sold, or Del Lago becomes insolvent, is adjudicated a bankrupt, or is dissolved either voluntarily or involuntarily, Del Lago shall immediately transfer the balance of the long-term storage credits conveyed hereunder back to Owner at the same price per acre foot upon which Del Lago purchased the long-term storage credits from Owner.

3. Regulatory Filings. Upon execution of this Agreement and filing of the Long-Term Storage Credit Transfer Form, Del Lago shall be responsible for all notifications and filings relating to the terms and conditions of this Agreement with any and all regulatory agencies including, but not limited to, the Arizona Department of Water Resources.

4. Assignment. Del Lago may not assign its rights under this Agreement or any interest herein without the prior written consent of Owner.

5. Notices: All notices, demands, elections or other communications required or permitted to be given pursuant to the terms and provisions hereof shall be either personally delivered or deposited in a regularly maintained receptacle of the United States mail, with first class postage prepaid, addressed to the parties as follows:

Owner:

Vail Water Company  
c/o Christopher T. Volpe  
1010 North Finance Center Dr., Suite 200  
Tucson, Arizona 85710

Del Lago:

Del Lago Golf LLC  
c/o Robert Neill  
14155 East Via Rancho del Lago  
Vail, Arizona 85641

Delivered notices shall be effective upon receipt. Mailed notices shall be effective upon the earlier of (i) actual receipt, or (ii) forty-eight hours after being postmarked in the United States.

6. Entire Agreement: This Agreement states the entire agreement between the parties and merges in this Agreement all statements, representations and covenants heretofore made, and any other agreements not incorporated herein are void and of no force and effect. This Agreement cannot be amended except by a writing executed by the parties.

7. Binding Effect: This Agreement will inure to the benefit of and bind the respective successors and permitted assigns of the parties hereto.

8. Governing Law: This Agreement is to be performed in the State of Arizona and shall be construed and enforced in accordance with the laws and statutes of the State of Arizona.

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the day and year first above written.

"Owner"

"Del Lago"

VAIL WATER COMPANY

DEL LAGO GOLF LLC

By



Christopher T. Volpe, Vice-President

By: MDC Arizona Corp., an Illinois  
corporation, Manager

By



Its: President

VAIL WATER COMPANY  
WELL CONSUMPTION (water pumped) 2014

Consumption	TOTAL PUMPED	Main Flushing	TOTAL TOTAL SOLD	Pumped Not Sold	Unacctd Water W/O Flushing
Jan-14	25,978,000	23,000	24,035,674	7.48%	7.39%
Feb-14	26,212,000	35,000	23,853,357	9.00%	8.86%
Mar-14	25,835,000	7,000	23,802,301	7.87%	7.84%
Apr-14	33,064,000	9,000	31,135,331	5.83%	5.81%
May-14	39,487,000	-	37,079,534	6.10%	6.10%
Jun-14	43,615,000	3,500	34,969,509	19.82%	19.81%
Jul-14	37,443,000	-	35,127,301	6.18%	6.18%
Aug-14	35,680,000	36,000	33,025,313	7.44%	7.34%
Sep-14	35,838,000	46,000	33,020,886	7.86%	7.73%
Oct-14	30,462,000	350,618	27,711,970	9.03%	7.88%
Nov-14	32,244,000	535,000	29,662,668	8.01%	6.35%
Dec-14	29,191,000	71,000	26,470,947	9.32%	9.07%

395,049,000	1,116,118	359,894,791	8.7%
1,212.36	3.43	1,104.48	avg
acre feet	acre feet	acre feet	